

Commission Cuts \$754M from STIP

The California Transportation Commission (CTC) in May agreed to cut \$754 million from a five-year funding plan for new transportation projects and delay an additional \$755 million in funding for three years. This marks the largest scaling back since the current funding structure for these projects was established nearly 20 years ago.

The CTC, anticipating a funding shortfall from fuel taxes, recommended the cuts to the State Transportation Improvement Program (STIP), which is the main source of funding for highway, rail, transit and other transportation improvements, including those for bicycles and pedestrians, throughout California.

Almost \$200 million of those cuts are in interregional projects, with Contra Costa, Los Angeles, San Bernardino and San Diego counties each seeing cuts of more than \$40 million.

Based on the amended 2016 Fund Estimate, the STIP is over-programmed in the first three years of the 2014 STIP by \$1.5 billion and there is no capacity to add new projects. As a result, project funding was cut by \$754 million for those three years, with an additional \$755 million delayed to 2019-21.

As CTC Executive Director Susan Bransen explained in an April 22 letter to the state Legislature, “the Commission is required by law to estimate the amount of funding to be available over

the five-year STIP period.” Staff pinned the blame for the \$1.5 billion shortfall on the “price-based excise tax,” the STIP’s primary funding source established by the Legislature. This tax is paid by motorists every time they fill up their tank.

This tax, Bransen explained, “originally established at 17.3 cents in 2010, has been adjusted annually and will be adjusted down by the State Board of Equalization to 9.8 cents on July 1, 2016. This decrease will result in a severe reduction in funding estimated to be available for the STIP.”

This tax figure is adjusted annually, by law, to remain revenue neutral with what sales tax on gasoline would have generated. Increasing vehicle fuel economy as well as lower costs for fuel translate directly into decreased funding

derived from fuel taxes, even as more motorists than ever are using California’s transportation infrastructure – a key component of the California economy.

Typically, transportation projects are funded with multiple revenue sources. CTC staff predict that the total impact of defunding projects will likely run into the billions. At the same time, the cuts in the five-year STIP will likely have a very real impact beyond just meeting the transportation needs of Californians, as every \$1 billion in highway and transit investments supports 13,000 jobs, not to mention higher costs associated with project delays.

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Source: California Transportation Commission, 2016 State Transportation Improvement Program Commission Staff Recommendations

Previously Reported Performance Measures Pending New Data

Percentage of active transportation funds programmed

Current period - 77.2%

Next reporting period - Sept. '16

Percentage of active transportation projects awarded within six months

Current period - 95.7%

Next reporting period - Sept. '16

On-time performance for intercity rail trips

Current period - 86.5%

Next reporting period - Sept. '16

Employees who say that they work in a positive environment

Current period - 50%

Next reporting period - Dec. '16

Employees who agree that innovation is encouraged at Caltrans

Current period - 40%

Next reporting period - Dec. '16

Stakeholders who say Caltrans meets their needs

Current period - 40%

Next reporting period - Dec. '16

Partners who view Caltrans as a collaborative partner

Current period - 40%

Next reporting period - Dec. '16

Stakeholders who say Caltrans' communication, professionalism, and service levels have improved

Current period - 36%

Next reporting period - Dec. '16

Stakeholders who give positive feedback on The Mile Marker

Current period - 43%

Next reporting period - Dec. 16

See Performance Goals, page 3.